



CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018
(Expressed in Canadian Dollars)

[Notice: These interim condensed consolidated financial statements have not been audited or reviewed by Novra's independent auditor.]

Table of Contents

Condensed Consolidated Statements of Financial Position	3
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) ..	4
Condensed Consolidated Statements of Changes in Shareholders' Equity.....	5
Condensed Consolidated Statements of Cash Flows	6

Notes to Consolidated Financial Statements:

Note 1 – General Information.....	7
Note 2 – Significant Accounting Policies.....	7
Note 3 – Accounting Pronouncement adopted in 2019	8
Note 4 – Related Party Transactions	11
Note 5 – Borrowings.....	12
Note 6 – Shareholders' Equity	13
Note 7 – Earnings (Loss) Per Share	14
Note 8 – Operating Expenditures.....	16
Note 9 – Finance Income and Finance Costs.....	16
Note 10 – Revenues	17
Note 11 – Segmented Information	18
Note 12– Supplemental Cash Flow & Other Disclosures	19
Note 13– Lease Liabilities	19
Note 14– Purchase Commitments	19

NOVRA TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Canadian dollars)

	NOTES	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
Current Assets			
Cash		\$ 2,008,862	\$ 4,138,014
Restricted non-redeemable GIC's		200,000	200,000
Trade and other receivables		2,310,811	1,214,910
Inventories		1,918,394	2,170,203
Prepayments and other		363,042	386,976
Total Current Assets		6,801,109	8,110,103
Non-Current Assets			
Equipment		91,613	122,900
Right-of-use assets		2,680,000	-
Intangible assets		2,096,513	2,641,246
Total Non-Current Assets		4,868,126	2,764,146
TOTAL ASSETS		\$ 11,669,235	\$ 10,874,249
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables		\$ 308,628	\$ 563,406
Accrued liabilities		765,455	842,010
Borrowings	5	167,902	152,461
Lease liabilities	13	646,000	-
Customer deposits		1,122,168	1,339,049
Deferred revenue - current portion		1,260,168	1,264,403
Warranty provision		64,875	70,282
Advances from related parties	4(c)	858,667	709,400
Promissory notes from related party - current portion	4(d)	759,952	750,063
Total Current Liabilities		5,953,815	5,691,074
Non-Current Liabilities			
Borrowings	5	2,437,274	2,556,611
Lease liabilities	13	2,078,070	-
Deferred revenue		731,100	879,211
Promissory notes from related party	4(d)	208,238	227,324
Total Non-Current Liabilities		5,454,682	3,663,146
TOTAL LIABILITIES		11,408,497	9,354,220
Equity			
Share capital	6	7,366,989	7,366,989
Contributed surplus		488,690	482,536
Accumulated other comprehensive loss		(41,734)	(110,865)
Accumulated deficit		(7,188,759)	(6,041,434)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF NOVRA		625,186	1,697,226
Non-Controlling Interests		(364,448)	(177,197)
TOTAL EQUITY		260,738	1,520,029
TOTAL LIABILITIES AND EQUITY		\$ 11,669,235	\$ 10,874,249

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOVRA TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
(Canadian dollars, except share data)

	NOTES	Quarter ended June 30,		Six Months Ended June 30,	
		2019	2018	2019	2018
REVENUE	10,11	\$ 2,422,742	\$ 1,593,958	\$ 4,922,976	\$ 3,665,818
COST OF REVENUE		1,103,921	835,520	2,695,262	2,027,709
GROSS PROFIT		1,318,821	758,438	2,227,714	1,638,109
OPERATING EXPENSES					
General and administrative	8	372,336	424,801	734,999	905,474
Sales and marketing		371,480	272,998	711,292	585,890
Research and development, net		895,600	884,098	1,796,640	1,789,599
Total operating expenses		1,639,416	1,581,897	3,242,931	3,280,963
OPERATING INCOME (LOSS)		(320,595)	(823,459)	(1,015,217)	(1,642,854)
Other Income (Expenses)					
Foreign exchange gain (loss)		(108,151)	89,762	(193,968)	198,588
Finance income		172	1,532	344	2,169
Finance costs	9	(62,231)	(58,932)	(125,735)	(112,244)
INCOME (LOSS) BEFORE INCOME TAXES		(490,805)	(791,097)	(1,334,576)	(1,554,341)
Income tax recovery (expense)		-	-	-	-
NET INCOME (LOSS)		\$ (490,805)	\$ (791,097)	\$ (1,334,576)	\$ (1,554,341)
OTHER COMPREHENSIVE LOSS, NET OF TAXES					
Foreign Currency Translation Adjustments on Wegener Consolidation		195,063	26,983	69,131	(17,298)
Total other comprehensive loss, net of taxes		195,063	26,983	69,131	(17,298)
COMPREHENSIVE INCOME (LOSS)		\$ (295,742)	\$ (764,114)	\$ (1,265,445)	\$ (1,571,639)
EARNINGS (LOSS) PER SHARE:					
Basic	7	\$ (0.01)	\$ (0.02)	\$ (0.04)	\$ (0.05)
Diluted		\$ (0.01)	\$ (0.02)	\$ (0.04)	\$ (0.05)
Weighted average number of shares outstanding - basic		33,372,312	33,348,312	33,372,312	33,342,257
Weighted average number of shares outstanding - diluted		33,372,312	33,348,312	33,372,312	33,342,257
NET INCOME (LOSS) ATTRIBUTABLE TO :					
Shareholders of Novra		\$ (445,434)		\$ (1,147,325)	
Attributable to non-controlling interest		\$ (45,371)		\$ (187,251)	
		(490,805)		(1,334,576)	
COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:					
Shareholders of Novra		\$ (250,371)		\$ (1,078,194)	
Attributable to non-controlling interest		\$ (45,371)		\$ (187,251)	
		(295,742)		(1,265,445)	

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOVRA TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Canadian dollars, except share data)

NOTES	Number of Common Shares	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non- Controlling Interest	Total Shareholders' Equity
At January 1, 2019							-
Total	35,372,312	\$ 7,626,989	\$ 482,536	\$ (110,865)	\$ (6,041,434)	\$ (177,197)	1,780,029
Less: common shares held by subsidiary	(2,000,000)	\$ (260,000)					(260,000)
	33,372,312	7,366,989	482,536	(110,865)	(6,041,434)	(177,197)	1,520,029
Net income (loss)	-	-	-	-	(1,147,325)	(187,251)	(1,334,576)
Change in foreign currency translation	-	-	-	69,131	-	-	69,131
Share based compensation	6 (b)	-	6,154	-	-	-	6,154
Options Exercised	6 (b)	-	-	-	-	-	-
At June 30, 2019	33,372,312	\$ 7,366,989	\$ 488,690	\$ (41,734)	\$ (7,188,759)	\$ (364,448)	\$ 260,738

NOTES	Number of Common Shares	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non- Controlling Interest	Total Shareholders' Equity
At January 1, 2018							-
Total	35,308,312	\$ 7,614,573	\$ 461,937	-	\$ (5,666,097)	-	2,410,413
Less: common shares held by subsidiary	(2,000,000)	\$ (260,000)					(260,000)
	33,308,312	7,354,573	461,937	-	(5,666,097)	-	2,150,413
Net income (loss)	-	-	-	-	(866,086)	(688,255)	(1,554,341)
Change in foreign currency translation	-	-	-	(8,926)	-	(8,372)	(17,295)
Share based compensation	6 (b)	-	7,838	-	-	-	7,838
Options Exercised	6 (b)	40,000	7,760	(2,960)	-	-	4,800
At June 30, 2018	33,348,312	\$ 7,362,333	\$ 466,815	\$ (8,926)	\$ (6,532,183)	\$ (696,627)	\$ 591,415

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOVRA TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Canadian dollars)

	NOTES	Quarter Ended June 30,		Six Months Ended June 30,	
		2019	2018	2019	2018
OPERATING ACTIVITIES					
Net income (loss)		(490,805)	\$ (791,097)	\$ (1,334,576)	\$ (1,554,341)
<i>Add items not affecting cash:</i>					
Depreciation		200,226	223,555	335,226	465,576
Amortization of intangible assets		190,989	-	448,820	-
Inventory impairment charge (recovery)		-	-	-	14,732
Share based compensation	6(b)	3,077	-	6,154	7,838
Unrealized loss on forward currency contracts		-	-	-	-
Interest expense	9	62,231	58,932	125,735	112,244
Changes in non-cash working capital items	12	(914,705)	340,452	(1,376,858)	1,050,425
Interest paid		-	(52,873)	(6,933)	(76,657)
Net cash provided by (applied to) operating activities		(948,986)	(221,031)	(1,802,431)	19,817
INVESTING ACTIVITIES					
Purchase of equipment		-	-	-	-
Net cash provided by (applied to) investing activities		-	-	-	-
FINANCING ACTIVITIES					
Repayments on borrowings	5(a)	(12,870)	-	(12,870)	(30,000)
Proceeds from borrowings	5(a)	-	-	-	30,000
Payments on lease liabilities		(161,227)	-	(320,227)	-
Proceeds from WEDC repayable contribution	5(d)	-	-	-	57,834
Proceeds from promissory notes	5(d)	-	-	-	-
Repayments on IMT promissory notes	4(d)	-	-	(19,000)	-
Proceeds from revolving line of credit with the Chymiak Trust	5(b)	-	-	-	51,576
Unrealized foreign exchange gain/(loss) on financing activities		18,340	-	12,123	9,874
Net cash provided by (applied to) financing activities		(155,757)	-	(339,974)	124,084
Effect of exchange rates on cash and cash equivalents		148,704	(42,210)	13,254	(113,470)
Net increase in cash		(956,040)	(263,241)	(2,129,152)	30,431
Cash, beginning of period		2,964,902	2,098,458	4,138,014	1,804,786
CASH, end of period		2,008,862	\$ 1,835,217	\$ 2,008,862	\$ 1,835,217

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

1. General Information

Novra Technologies Inc. ("Novra") is incorporated under the Canada Business Corporations Act and its corporate office and principal place of business is 900-330 St. Mary Avenue, Winnipeg, Manitoba, Canada R3C 3Z5. Novra is a publicly traded company on the TSX Venture Exchange ("TSX-V") under the symbol NVI.

Novra has been in the satellite data distribution business since 2000. During 2016, Novra significantly expanded its product portfolio and global footprint with the acquisition of International Datacasting Corporation and its wholly-owned U.S. subsidiary (collectively referred as "IDC"), a long-time leader in the same sector. On December 29, 2017, Novra acquired a 51.6% controlling interest of Wegener Corporation ("Wegener") to further expand its footprint in digital media management and distribution technologies for applications including digital signage, radio and television.

Through its subsidiaries, Novra offers a comprehensive product portfolio including hardware, software, and services. In addition to its core video, radio, and data products, areas of expertise and added value include: encryption and cybersecurity, next-generation hybrid networks (satellite/terrestrial/cloud), and efficient bandwidth utilization.

In these Consolidated Financial Statements, "Novra", "Company", "we", "us", or "our" refers to Novra Technologies Inc. and its subsidiaries.

The Board of Directors authorized the Condensed Consolidated Financial Statements for issue on August 29, 2019. These unaudited interim financial statements should be read in conjunction with Novra's annual audited Consolidated Financial Statements for the year ended December 31, 2018.

2. Significant Accounting Policies

The significant accounting policies used in the preparation of these Consolidated Financial Statements are summarized below. These policies have been consistently applied to all years presented, unless otherwise noted.

Basis of Presentation

We have prepared these unaudited interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, they do not include all of the information and footnotes required under IFRS for complete financial statements. In the opinion of management, these unaudited interim Condensed Consolidated Financial Statements reflect all adjustments considered necessary for a fair presentation of Novra's financial position and results of operations for the periods presented. The results of operations for any interim period are not necessarily indicative of the results for a full year. For areas involving a higher degree of management judgment or complexity, refer to Note 3 of the audited Consolidated Financial Statements for the year ended December 31, 2018.

The Condensed Consolidated Statement of Financial Position at June 30, 2019 and the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), of Changes in Equity and of Cash flows for the periods ended June 30, 2019 and 2018 have not been audited or reviewed by Novra's auditors. The Condensed Consolidated Statement of Financial Position at December 31, 2018 is derived from Novra's audited Consolidated Financial statements.

The tabular disclosures herein are presented in thousands, except for share data.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

Functional and Presentation Currency

These consolidated statements are presented in Canadian dollars, which is the Company's functional currency.

3. Accounting Pronouncements adopted in 2019

Effective January 1, 2019, the Company applied IFRS 16 using the modified retrospective approach and therefore the comparable information has not been restated and continues to be reported under IAS 17.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to us. Under IFRS 16, we recognize right-of-use assets and lease liabilities for all leases.

i) Significant Accounting Policies

On transition to IFRS 16, the Company elected to apply the practical expedient to assess which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases, at the date of initial application. Contracts that were not identified as leases under IAS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed after January 1, 2019.

The Company also used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases Under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied recognition exemptions to leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option.
- Applied the low value lease exemption not to recognize right-of-use assets at the date of initial application.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- The Company has elected not to separate lease and non-lease components for leases of its properties.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as of January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability and are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Novra's incremental borrowing rate. Generally, the incremental borrowing rate is used as the discount rate.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

ii) Impact on Financial Statements

On initial transition the Company recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its rights to make lease payments. Right-of-use assets and lease liabilities of \$2,951 million were recorded on January 1, 2019. The weighted average discount applied at January 1, 2019 was 5.88%. The following table(s) summarizes the impact of adopting IFRS 16 on our Condensed Consolidated Financial Statement of Financial Position as at June 30, 2019.

Commitments at December 31, 2018	\$ 4,187
Less: Measurement adjustment	(137)
Undiscounted lease obligation at January 1, 2019	4,050
Balance, lease liability discounted, January 1, 2019	\$ 2,951
Balance, right-of-use asset January 1, 2019	2,951

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

	Balance after adoption of IFRS 16	Impact of IFRS 16	Balances without adoption of IFRS 16
(Not reported in thousands of dollars)			
ASSETS			
Current Assets			
Cash	\$ 2,008,862	\$ -	\$ 2,008,862
Restricted non-redeemable GIC's	200,000	-	\$ 200,000
Trade and other receivables	2,310,811	-	\$ 2,310,811
Inventories	1,918,394	-	\$ 1,918,394
Prepayments and other	363,042	-	\$ 363,042
Total Current Assets	6,801,109	-	6,801,109
Non-Current Assets			
Equipment	91,613	-	\$ 91,613
Right-of-use assets, net	2,680,000	(2,680,000)	\$ -
Intangible assets	2,096,513	-	\$ 2,096,513
Total Non-Current Assets	4,868,126	(2,680,000)	2,188,126
TOTAL ASSETS	\$ 11,669,235	\$ (2,680,000)	\$ 8,989,235
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	308,628	\$ -	\$ 308,628
Accrued liabilities	765,455	-	\$ 765,455
Borrowings	167,902	-	\$ 167,902
Lease liabilities	646,000	(646,000)	\$ -
Customer deposits	1,122,168	-	\$ 1,122,168
Deferred revenue - current portion	1,260,168	-	\$ 1,260,168
Warranty provision	64,875	-	\$ 64,875
Advances from related parties	858,667	-	\$ 858,667
Promissory notes from related party - current portion	759,952	-	\$ 759,952
Total Current Liabilities	5,953,815	(646,000)	5,307,815
Non-Current Liabilities			
Borrowings	2,437,274	-	\$ 2,437,274
Lease liabilities	2,078,070	(2,078,070)	\$ -
Deferred revenue	731,100	-	\$ 731,100
Promissory notes from related party	208,238	-	\$ 208,238
Total Non-Current Liabilities	5,454,682	(2,078,070)	3,376,612
TOTAL LIABILITIES	11,408,497	(2,724,070)	8,684,427
Shareholders' Equity			
Share capital	7,366,989	-	\$ 7,366,989
Contributed surplus	488,690	-	\$ 488,690
Accumulated other comprehensive loss	(41,734)	-	\$ (41,734)
Accumulated deficit	(7,188,759)	44,070	\$ (7,144,689)
Total Equity Attributable to Shareholders of the Company	625,186	44,070	669,256
Non-Controlling Interests	(364,448)	-	\$ (364,448)
TOTAL SHAREHOLDERS' EQUITY	260,738	44,070	304,808
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 11,669,235	\$ (2,680,000)	\$ 8,989,235

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

4. Related Party Transactions

The following is a summary of Novra's related party transactions:

a) Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of Novra. The key management personnel of Novra is the executive management team and the Board of Directors, who collectively control approximately 18% (President & CEO has direct and indirect ownership of 16%) of the total outstanding and issued common shares of Novra at June 30, 2019.

The following table discloses the compensation for the key management personnel for the first quarter.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Salaries and employee benefits	\$ 87	\$ 86	\$ 173	\$ 211
Share-based compensation	3	-	6	4
Directors' fees	3	2	6	4
Total	\$ 93	\$ 88	\$ 185	\$ 219

b) Transactions with other related parties

	Three Months Ended June		Six Months Ended June 30,	
	2019	2018	2019	2018
Purchase of goods and services				
The Exchange Global Server Centre Inc. ⁽¹⁾	\$ 4	\$ 2	\$ 6	\$ 4
Interest on unsecured promissory notes				
IMT	17	15	29	30
	\$ 21	\$ 17	\$ 35	\$ 34

⁽¹⁾ The Exchange Global Server Centre Inc. is 50% owned by IMT.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

c) The breakdown of advances from related parties by party was as follows:

	June 30, 2019	December 31, 2018
Key management and directors (see part (a))	639	542
IMT	218	167
The Exchange Global Server Centre Inc.	2	-
	\$ 859	\$ 709

At June 30, 2019, \$589 thousand (December 2018: \$498 thousand) was due to Novra's President & CEO in regards to unpaid salaries and expense reimbursements for current and prior years in which he voluntarily chose to not collect payment in the interest of preserving liquidity in the company. The payable amount bears no interest and has no repayment term.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

d) The movement of unsecured promissory notes due to IMT was as follows:

	Base Rate +			2019	2018
	4% Fixed \$250k	2.5% Floating \$563k	4% Fixed \$381k		
At January 1	\$ 265	\$ 308	\$ 404	\$ 977	\$ 1,017
Loan repayments	-	(19)	-	(19)	(53)
Foreign exchange movement	-	(12)	-	(12)	18
Interest charged	8	13	8	29	30
Interest paid	-	(7)	-	(7)	(23)
At June 30	\$ 273	\$ 283	\$ 412	\$ 968	\$ 989
Maturity Dates:	Due on demand Nov 1, 2022 Due on demand				

The following table shows the presentation of the above total IMT loans on Novra's Consolidated Statements of Financial Position at June 30, 2019 and 2018:

	2019	2018
Current portion	\$ 760	\$ 719
Non-current portion	208	270
Total	\$ 968	\$ 989

5. Borrowings

The following is a breakdown of our total borrowings with third parties at:

	June 30, 2019	December 31, 2018
Bank borrowings	\$ -	\$ -
Revolving line of credit with the Chymiak Trust	2,194	2,288
Crocus loan	167	164
WEDC repayable contribution	244	257
Total borrowings	2,605	2,709
Less: current portion	(168)	(153)
Total borrowings - non-current	\$ 2,437	\$ 2,556

a) Bank borrowings

The following is a breakdown of the RBC Credit Facilities:

Revolving Demand Facility:

A revolving demand facilities up to \$350 thousand, which is margined based on 75% of unencumbered accounts receivable that are less than 90 days outstanding, excluding inter-company receivables, plus 50% of unencumbered inventories up to a maximum of \$150 thousand.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

Pre-Shipment Financing:

Revolving Demand Facility: Up to \$495 thousand to finance eligible pre-shipments costs in relation to multiple export contracts as insured by EDC.

There was no movement for the above credit facilities during the first quarter.

b) Revolving line of credit with the Chymiak Trust

There was no change to the revolving line of credit with the Chymiak Trust during the current quarter.

c) Crocus loan

There was no change to the Crocus loan during the current quarter, except for the accrued interest expense.

d) WEDC repayable contribution

During the current quarter, we did not receive any additional funds from WEDC (2018 - \$72 thousand). Repayment is scheduled for 60 consecutive monthly installments which commenced April 1, 2019. The contributions are subject to interest at the average bank rate plus 3% if any payments are late.

6. Shareholders' Equity

a) Common Stock

The following table provides a summary of authorized as well as issued and outstanding capital for Novra at:

	June 30, 2019	December 31, 2018
Authorized:		
Unlimited Class "A" Common voting shares		
Unlimited Class "B" Common non-voting shares		
Unlimited Class "C" Preferred shares, redeemable and retractable at \$1,000		
Issued:		
33,372,312 (December 31, 2018: 33,372,312)		
Class "A" common voting shares	\$ 7,367	\$ 7,367

There was no movement during the first six months of 2019.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

b) Stock Options

The following table provides a summary of stock option activity for the first six months of 2019:

	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,152,000	\$ 0.12
Granted	-	\$ 0.12
Exercised	-	\$ 0.12
Forfeited	-	\$ 0.12
Expired		\$ 0.12
Outstanding, end of period	1,152,000	\$ 0.12

At June 30, 2019, the remaining stock option pool for future grants was 876,000.

The following table summarizes information about the stock options outstanding at June 30, 2019:

# of Options Outstanding	Grant Date	Expiry Date	Fair Value at Grant Date	# of Options Exercisable	Exercise Price
1,152,000	11-May-17	10-May-24	\$ 0.07	656,000	\$ 0.12
-	-		\$ -	-	\$ -
1,152,000				656,000	

7. Earnings (Loss) Per Share ("EPS")

a) Basic EPS

Basic EPS is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ (491)	\$ (791)	\$ (1,335)	\$ (1,554)
Weighted average number of common shares	33,372	33,348	33,372	33,342
Basic EPS	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.05)

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

b) Diluted EPS

Diluted EPS is calculated by adjusting the weighted average number of common shares to assume conversion of all dilutive common shares.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ (491)	\$ (791)	\$ (1,335)	\$ (1,554)
Weighted average number of common shares:				
Weighted average number of common shares	33,372	33,348	33,372	33,342
<i>Adjustment for:</i>				
- Stock options	-	-	-	-
Weighted average number of common shares for diluted EPS	33,372	33,348	33,372	33,342
Diluted EPS	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.05)

For the six months ended June 30, 2019, stock options were antidilutive.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

8. Operating Expenditures

We present our Consolidated Statements of Operations and Comprehensive Income (Loss) on a functional basis in which expenditures are aggregated to the function to which they relate. We have identified the major functions as general and administrative, sales and marketing, and research and development activities.

Three Months Ended June 30, 2019	General and administrative	Sales and marketing	Research and development	Total
Personnel expenditures	\$ 245	\$ 290	\$ 537	\$ 1,072
Other operating expenditures	36	53	113	202
Depreciation and amortization	92	28	245	365
	\$ 373	\$ 371	\$ 895	\$ 1,639

Three Months Ended June 30, 2018	General and administrative	Sales and marketing	Research and development	Total
Personnel expenditures	\$ 280	\$ 189	\$ 544	\$ 1,013
Other operating expenditures	143	83	110	336
Depreciation and amortization	1	1	231	233
	\$ 424	\$ 273	\$ 885	\$ 1,582

Six Months Ended June 30, 2019	General and administrative	Sales and marketing	Research and development	Total
Personnel expenditures	\$ 485	\$ 450	\$ 955	\$ 1,890
Other operating expenditures	68	216	339	623
Depreciation and amortization	182	45	503	730
	\$ 735	\$ 711	\$ 1,797	\$ 3,243

Six Months Ended June 30, 2018	General and administrative	Sales and marketing	Research and development	Total
Personnel expenditures	\$ 602	\$ 385	\$ 1,078	\$ 2,065
Other operating expenditures	301	199	251	751
Depreciation and amortization	2	2	461	465
	\$ 905	\$ 586	\$ 1,790	\$ 3,281

9. Finance Costs

The following table provides a breakdown of total finance costs during the quarter ended June 30, 2019..

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Interest expense:				
- Unsecured promissory notes (see Note 4(d))	\$ 17	\$ 15	\$ 29	\$ 30
- Crocus loan (see Note 5)	2	1	4	5
- Bank borrowings (see Note 5)	-	-	-	-
- Lease liabilities (see Note 3)	43	-	93	-
Other fees	-	43	-	77
	\$ 62	\$ 59	\$ 126	\$ 112

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

10. Revenues

The following table provides a breakdown of our revenues as well as the timing of revenue recognition:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Major Products/Service Lines				
Hardware	\$ 1,744	\$ 1,081	\$ 3,662	\$ 2,586
Software	14	1	29	7
Support and Extended Warranty	658	513	1,217	1,010
Other	7	(1)	15	63
	\$ 2,423	\$ 1,594	\$ 4,923	\$ 3,666
Timing of Revenue Recognition				
Products transferred at a point in time	\$ 1,726	\$ 1,081	\$ 3,667	\$ 2,656
Products and services transferred over time	697	513	1,256	1,010
	\$ 2,423	\$ 1,594	\$ 4,923	\$ 3,666

Contract balances

The timing of revenue recognition may differ from the timing of invoicing to customers. We record unbilled revenue where professional services are performed or products are delivered prior to Novra's ability to invoice in accordance with the contract terms, or deferred revenue when revenue is recognized prior to invoicing.

The following table provides information about our accounts receivable at June 30, 2019, which includes trade and unbilled revenue from contracts with customers.

	June 30, 2019	December 31, 2018
Trade accounts receivable	\$ 1,702	\$ 592
Unbilled revenue	526	548
Total receivables from contracts with customers	2,228	1,140
Other	82	75
Total trade and other receivables	\$ 2,310	\$ 1,215

As at June 30, 2019, two customers accounted for 33% of total receivables from contracts with customers. As at December 31, 2018, three customers accounted for 23% of total trade receivables.

The following table details the changes in unbilled revenue during the period.

	Unbilled revenue
Opening balance- December 31, 2018	\$ 548
Impact of foreign exchange	(22)
Increase in unbilled from revenue recognized	-
Increase in unbilled from IFRS 15	-
Decrease in unbilled from transfer to trade receivables and other adjustments	-
Ending balance - June 30, 2019	\$ 526

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

	Deferred revenue
Opening balance- December 31, 2018	\$ 2,144
Increases in deferred revenue from payments received, excluding revenue recognized and other adjustments	1,112
Decreases in deferred revenue from revenue recognized that was included in the opening deferred revenue balance and other adjustments	(1,265)
Ending balance - June 30, 2019	\$ 1,991

Assets recognized from costs to obtain a contract with a customer

We recognize an asset for the incremental costs of obtaining a contract with a customer if the expected benefit of those costs is longer than one year. We have determined that no commissions paid to sales employees meet the requirement to be capitalized for June 30, 2019 and December 31, 2018.

11. Segmented Information

Novra and its group of companies operate as one operating segment. While IDC and Wegener will continue to operate independently, our Chief Operating Decision Maker (Novra's President and CEO) evaluates the company's operating performance and allocates resources based on information provided at a consolidated level.

Based on the location of our customers, Novra's consolidated revenues by geographic market are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Americas ex-Canada ⁽¹⁾	\$ 1,751	\$ 836	\$ 3,204	\$ 2,250
Canada	269	107	433	358
EMEA ⁽²⁾	258	365	1,045	460
APAC ⁽³⁾	145	286	241	598
	\$ 2,423	\$ 1,594	\$ 4,923	\$ 3,666

(1) The geographic region of the Americas includes North America, Central America and South America.

(2) EMEA consists of Europe, the Middle East and Africa.

(3) APAC consists of East Asia, South Asia, Southeast Asia and Oceania.

Novra's equipment by geographic location at the reporting dates were:

	June 30, 2019	December 31, 2018
Canada	\$ 55	\$ 80
United States	37	43
	\$ 92	\$ 123

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six Months ended June 30, 2019 and 2018

(Tabular amounts are in 000's, except share data)

12. Supplemental Cash Flow and Other Disclosures

The components of the net change in non-cash working capital are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Trade and other receivables	\$ (899)	\$ (411)	\$ (1,096)	\$ (742)
Inventories	95	(512)	252	(440)
Current tax assets	-	2	-	2
Prepayments and other	50	(211)	24	(196)
Amounts payable including advances	(131)	(61)	(331)	88
Customer deposits	(178)	1,247	(217)	1,197
Deferred revenue	74	292	(152)	1,155
Warranty provision	(2)	(6)	(5)	(14)
Advances to Related Party	77	-	149	-
Total	\$ (914)	\$ 340	\$ (1,376)	\$ 1,050

13. Lease Liabilities

The Company leases office space for the head office and subsidiaries. We had no significant operating leases for equipment. The following is a summary of the changes in the lease liability during the six months ended June 30, 2019:

	Six Months Ended June 30,
Lease liabilities, January 1, 2019	\$ 2,951
Interest on lease liabilities	93
Lease payments	(320)
	2,724
Less: current portion	(646)
Lease liabilities, June 30, 2019	\$ 2,078

14. Purchase Commitments

In the normal course of business, we may enter purchase commitments, including inventory and third-party software license embedded in our products, to achieve economy of scale. At June 30, 2019, we had \$72 thousand of purchase commitments due within one year.